

## ANALYSIS

This ordinance amends Title 5 – Personnel of the Los Angeles County Code by amending Sections 5.27.020, 5.27.060, 5.27.220, 5.27.260, 5.28.020, 5.28.060, 5.28.220, 5.28.260, 5.33.020, 5.33.060, 5.36.060, 5.37.020, and 5.37.060 to define dependents who are eligible and ineligible for enrollment in a participant's group health coverage and to grant one-time amnesty to County employees who are found to have ineligible dependents enrolled in their County-sponsored benefits via a Dependent Eligibility Verification (DEV) records review.

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By: 

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Labor and Employment Division

RDB:mst

Requested: 01-30-15  
Revised: 03-30-15

ORDINANCE NO. \_\_\_\_\_

An ordinance amending Title 5 - Personnel of the Los Angeles County Code, relating to granting one-time amnesty to County employees who are found to have ineligible dependents enrolled in their County-sponsored benefits via a Dependent Eligibility Verification (DEV) records review.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 5.27.020 is hereby amended to read as follows:

**5.27.020 Definitions.**

The following terms when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

...

K. "Eligible Dependent" means a family member who is eligible to enroll in a Participant's group health coverage under the Plan as set forth in the Summary Plan Description. Eligible Dependents include a Participant's current spouse or Domestic Partner and a Participant's children through age 25 (or past age 25, if disabled), all as further defined, or limited, as set forth in the Summary Plan Description and/or Health Plan Agreements.

~~K~~L. "Eligible Earnings" means any compensation paid to an Eligible Employee for service performed for the County which is currently includible in gross income under the Code.

~~L~~M. "Eligible Employee" means a full-time permanent employee of the County who is not in an Excluded Bargaining Unit and who is designated by the Board as eligible to participate in the Plan. For purposes hereof, "full-time permanent" means any

employee appointed to an "A," "L" or "N" item pursuant to Title 6 of the Los Angeles County Code, or any employee appointed to a "D" item pursuant to said Title 6 who is required to possess a California license to practice as a Registered Nurse. However, the County and representatives of an Excluded Bargaining Unit may, subject to approval by the Los Angeles County Board of Supervisors, agree that any employee who would otherwise cease to be an Eligible Employee because of certification or accretion of the employee's employment classification into an Excluded Bargaining Unit may continue as an Eligible Employee for such period as may be established in such agreement.

~~MN.~~ "Excluded Bargaining Unit" means an employee representation unit, unless the representative of such unit and the County agree that the employees in such unit shall be covered hereunder.

~~NO.~~ "Ineligible Dependent" means anyone, including a Participant's family member, who is not an Eligible Dependent. Ineligible Dependents include, but are not limited to, a former spouse, a former Domestic Partner, a child who no longer meets the age or other eligibility requirements described in the Summary Plan Description, parents, siblings, and in-laws.

~~OP.~~ "Materials" means the booklets, manuals, handbooks, contracts, plan documents or sections thereof and other provisions of the Los Angeles County Code relating to the County-sponsored or County-approved employee benefit plans approved for inclusion in Subdivision 1 of the Plan by the Board.

PQ. "Non-elective Contribution" means the amount available for allocation to particular Taxable Benefits and/or Non-taxable Benefits or for receipt as additional Eligible Earnings by a Participant pursuant to Section 5.27.040 A.

QR. "Non-taxable Benefit" means participation in any health or welfare program provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials, the cost of which is excludible from the gross income of the Participant pursuant to Sections 79, 105, 106 or 129 of the Code or any other applicable Code section as the same may be amended.

RS. "Participant" means any Eligible Employee or former Eligible Employee who meets the requirements for participation in the Plan set forth in Section 5.27.030.

ST. "Plan" means the County of Los Angeles Flexible Benefit Plan, as set forth in this Subdivision 1, as the same may be amended or restated from time to time.

TU. "Plan Year" means the calendar year.

UV. "Taxable Benefit" means participation in certain health or welfare programs provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials, the cost of which will be treated by the County as includible in the gross income of the Participant pursuant to the Code as the same may be amended.

**SECTION 2.** Section 5.27.060 is hereby amended to read as follows:

**5.27.060      Benefit election procedure and allocation of Contributions.**

...

E.     Amnesty for Ineligible Dependents. Notwithstanding any other provision of this Code, the County shall provide amnesty from discipline and payment recovery to

any employee whose Ineligible Dependent(s) are removed from County-sponsored or County-approved health plan coverage as a consequence of a dependent eligibility verification process authorized by the CEO; provided, however, that no such amnesty shall be extended to any employee who obtains such coverage through willful misrepresentation or other fraudulent means.

~~EE~~. Compensation Reduction Agreement. If, in respect of any month during a Plan Year, the cost of the Taxable Benefits and/or Non-taxable Benefits elected by a Participant for such Plan Year exceeds the amount of Non-elective Contributions made on his behalf for such month, the Participant shall be deemed to have authorized the County, in accordance with the limit set forth in Section 5.27.040B hereof, to reduce his Eligible Earnings by such amount each month as is necessary to cover the excess cost of the Taxable Benefits and/or Non-taxable Benefits elected by such Participant and to make corresponding Elective Contributions to the Plan on his behalf. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented, a Participant's deemed authorization to have his monthly Eligible Earnings reduced shall include an authorization to have such reduction apportioned over County payroll periods and warrants as described in Section 5.27.040B.

~~EG~~. Participant Accounts. The County shall establish and maintain appropriate procedures and records with respect to Benefit elections and Contributions made by and on behalf of Participants pursuant to subsections A and B of this section. The County may establish one or more accounts for each Participant for the purpose of

recording such Participant's utilization of particular Non-taxable Benefits, such as uninsured health care or dependent care reimbursement benefits if available, to which specific dollar amounts of Non-elective and/or Elective Contributions have been credited. In no event, however, shall such accounts represent actual deposits of Contributions into any fund, nor shall any interest be credited with respect to such accounts.

GH. Forfeiture of Unused Benefits. Any amount which a Participant has elected to receive during the Plan Year as a specific Taxable Benefit or Non-taxable Benefit pursuant to the election procedure set forth in subsections A and B of this section which remains unused by the Participant at the close of the Plan Year shall be forfeited to the County; provided, however, that payments of such amount may be made to the Participant up to six months beyond the close of a Plan Year so long as such payments are made under the provisions of such specific Taxable Benefit or Non-taxable Benefit for expenses incurred by the Participant during the Plan Year; provided further that up to \$500 of unused amounts credited to a Participant's Health Care Reimbursement Account may be carried over to the next Plan Year in accordance with the rules set forth in Section 5.30.030.

**SECTION 3.** Section 5.27.220 is hereby amended to read as follows:

**5.27.220 Definitions.**

The following terms, when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

...

P. "Eligible Dependent" means a family member who is eligible to enroll in a Participant's group health coverage under the Plan as set forth in the Summary Plan Description. Eligible Dependents include a Participant's current spouse or Domestic Partner and a Participant's children through age 25 (or past age 25, if disabled), all as further defined, or limited, as set forth in the Summary Plan Description and/or Health Plan Agreements.

PQ. "Eligible Earnings" means any compensation paid to an Eligible Employee for service performed for the County which is currently includible in gross income under the Code.

QR. "Eligible Employee" means a full-time permanent employee of the County who is not in an Excluded Bargaining Unit and who is designated by the Board as eligible to participate in the Plan. For purposes hereof, "full-time permanent" means any employee appointed to an "A," "L" or "N" item pursuant to Title 6 of the Los Angeles County Code. "Eligible Employee" shall also mean any employee appointed to "D" item pursuant to said Title 6 who is required to possess a California license to practice as a Registered Nurse or an employee of the County appointed to a monthly temporary training "M" item pursuant to Title 6 of the Los Angeles County Code who is not in an Excluded Bargaining Unit and who is designated by the Board as eligible to participate in the Plan. However, the County and representatives of an Excluded Bargaining Unit may, subject to approval by the Los Angeles County Board of Supervisors, agree that any employee who would otherwise cease to be an Eligible Employee because of certification or accretion of the employee's employment classification into an Excluded

Bargaining Unit may continue as an Eligible Employee for such period as may be established in such agreement.

~~RS.~~ "Eligible Participant" means a Participant who becomes disabled as a direct consequence and result of injury or disease.

~~ST.~~ "Evidence of Disability" means a statement of medical certification of disability submitted by a Physician to the Claims Administrator.

~~TU.~~ "Excluded Bargaining Unit" means an employee representation unit, unless the representative of such unit and the County agree that the employees in such unit shall be covered hereunder.

~~UV.~~ "Ineligible Dependent" means anyone, including a Participant's family member, who is not an Eligible Dependent. Ineligible Dependents include, but are not limited to, a former spouse, a former Domestic Partner, a child who no longer meets the age or other eligibility requirements described in the Summary Plan Description, parents, siblings, and in-laws.

~~VW.~~ "LTD Health Insurance Benefit" means a benefit that pays for 75 percent or 100 percent of the cost of Applicable Health Insurance Coverage at the time such coverage is provided pursuant to the rules in section 5.27.450.

~~WX.~~ "LTD Health Survivor" means a spouse, domestic partner as defined in Section 298.5 of the California Family Code, or child as defined in Internal Revenue Code Section 152(f) (1) (including a stepchild or adopted child) who is under age 26, of (1) an Eligible Participant who dies while receiving or entitled to receive disability benefits under section 5.27.460; or (2) a Covered Employee who dies as a direct consequence and result of injury or disease; provided, however, that to be an LTD



Health Survivor, an individual must be a spouse, domestic partner or child who is covered by a County-sponsored medical plan offered under the Cafeteria Plan at the time of: (i) the onset of a total disability as determined by the Claims Administrator, or (ii) if the Covered Employee dies before he makes a claim for disability under the LTD Plan, the date of death.

~~XY~~. "Materials" means the booklets, manuals, handbooks, contracts, plan documents or sections thereof and other provisions of the Los Angeles County Code relating to the County-sponsored or County-approved employee benefit plans approved for inclusion in Subdivision 2 of the Plan by the Board.

~~YZ~~. "Medical Dependent" means a Covered Employee's spouse, domestic partner or dependent child who is eligible to be covered under the terms of a County-sponsored medical plan.

~~ZAA~~. "Non-elective Contribution" means the amount available for allocation to particular Taxable Benefits and/or Non-taxable Benefits or for receipt as additional Eligible Earnings by a Participant pursuant to Section 5.27.240 A.

~~AABB~~. "Nonindustrial" means an injury or disease that the chief executive officer or the workers' compensation appeals board has not yet determined to be compensable under the workers' compensation laws of the state of California or an injury or disease which has been determined not to be so compensable.

~~BBCC~~. "Non-taxable Benefit" means participation in any employee benefit program provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, for inclusion in the plan the cost of which is excludible from the gross

income of the Participant pursuant to Sections 79, 105, 106, or 129 of the Code or any other applicable Code section, as the same may be amended.

~~GGDD~~. "Participant" means any Eligible Employee or former Employee who meets the requirements for participation in the Plan set forth in Section 5.27.230.

~~DDDE~~. "Physician" means any physician, surgeon, osteopath, psychiatrist, psychologist, chiropractor or other medical practitioner who is duly licensed by the state in which he practices and who is practicing within the scope of his license.

~~EEFF~~. "Plan" means the County of Los Angeles Flexible Benefit Plan, as set forth in this Subdivision 2, as the same may be amended or restated from time to time.

~~FFGG~~. "Plan Year" means the calendar year.

~~GGHH~~. "Retirement Plan A, B, C, D, or G Member" means an Eligible Employee or a Participant who is covered by any of the contributory retirement plans established for general or safety members of the Los Angeles County Employees Retirement Association pursuant to the County Employees Retirement Law of 1937. For the sole purpose of determining entitlement to Non-elective Contributions and Non-taxable Benefits and Taxable Benefits provided under the Plan, an Eligible Employee or Participant employed on a monthly temporary training "M" item basis pursuant to Title 6 of the Los Angeles County Code shall be treated as if he were a Retirement Plan A, B, C, D, or G Member. In no event shall such Eligible Employee or Participant be entitled to any benefit under the County Employees Retirement Law of 1937 by reason of this treatment.

~~HHII~~. "Retirement Plan E Member" means an Eligible Employee or a Participant who is covered by the optional noncontributory retirement plan made operative for

general members of the Los Angeles County Employees Retirement Association on or after July 1, 1981.

IIJJ. "SIB Compensation" means an SIB Participant's Compensation in the month preceding his death, or the commencement of benefits under the LTD Plan, whichever occurs first.

IIKK. "SIB Participant" means a Retirement Plan E Member who is:

1. A Participant who has elected coverage under the SIB Plan for the current Plan Year; or
2. A former Participant who is disabled and receiving benefits under the LTD Plan, and who elected coverage under the SIB Plan for the Plan Year in which his LTD benefits commenced.

IIKKL. "Taxable Benefit" means participation in certain health or welfare programs provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials, the cost of which will be treated by the County as includible in the gross income of the Participant pursuant to the Code as the same may be amended.

IIKMM. "Total Disability" or "Totally Disabled" means during the Waiting Period and during the subsequent 24-month period for which a Participant might be eligible to receive benefits under the LTD Plan, the complete and continuous inability and incapacity of the Participant to perform the duties of his position with the County. After the expiration of 24 consecutive months of eligibility for benefit payments, "Total Disability" or "Totally Disabled" means the Participant is Disabled within the meaning of the Federal Social Security Act and is eligible to receive or is receiving disability benefits

under the Federal Social Security Act; provided, however, that for a participant who makes timely application for disability benefits under the Federal Social Security Act and who has not received a final determination regarding disability under the Act, "Total Disability" or "Totally Disabled" (for the period prior to the date on which a final determination is made regarding disability) shall mean the complete and continuous inability and incapacity of the Participant to perform the duties of his position with the County. A Participant who is not insured for disability benefits under the Federal Social Security Act (such as lacking sufficient quarters of covered employment) shall be considered Totally Disabled at the end of the 24-month period of eligibility for benefit payments and during the continuance thereafter of the disability if he is disabled within the meaning of Section 223(d) of the Federal Social Security Act.

MMNN.1. "Waiting Period" for purposes of the Short-Term Disability Plan means that a waiting period shall be required with respect to any one Disability, and that such period shall be a continuous period equal to 14 days, except as reduced by elective option. The waiting period shall commence with the first day the Participant is Disabled, and shall continue during the time he remains Disabled.

2. "Waiting Period" for purposes of the Long-Term Disability Plan means that a waiting period shall be required with respect to any one Total Disability, and shall be a continuous period equal to six months, commencing with the first day on which an eligible employee is absent from work due to a total disability, and during which he or she remains totally disabled except as provided below. If the eligible employee ceases to be totally disabled and returns to work for less than an aggregate of 30 days during a waiting period, any such cessation of total disability shall not

interrupt continuity or extend the duration of the waiting period used to determine the first day on which benefits commence, provided that the successive absences during the waiting period are due to the same cause. The waiting period shall not include any time prior to January 1, 1991. Notwithstanding the foregoing, the duration of a waiting period may be extended to a waiting period of more than six months pursuant to Section 5.27.470.

...

**SECTION 4.** Section 5.27.260 is hereby amended to read as follows:

**5.27.260      Benefits election procedure and allocation of Contributions.**

...

E.     Amnesty for Ineligible Dependents. Notwithstanding any other provision of this Code, the County shall provide amnesty from discipline and payment recovery to any employee whose Ineligible Dependent(s) are removed from County-sponsored or County-approved health plan coverage as a consequence of a dependent eligibility verification process authorized by the CEO; provided, however, that no such amnesty shall be extended to any employee who obtains such coverage through willful misrepresentation or other fraudulent means.

~~E~~F.    Compensation Reduction Agreement. If, in respect of any month during a Plan Year, the cost of the Taxable Benefits and/or Non-taxable Benefits elected by a Participant for such Plan Year exceeds the amount of Non-elective Contributions made on his behalf for such month, the Participant shall be deemed to have authorized the County, in accordance with the limit set forth in Section 5.27.040B hereof, to reduce his Eligible Earnings by such amount each month as is necessary to cover the excess cost

of the Taxable Benefits and/or Non-taxable Benefits elected by such Participant and to make corresponding Elective Contributions to the Plan on his behalf. Effective beginning on or after April 1, 2010, or such later date as may be determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented, a Participant's deemed authorization to have his monthly Eligible Earnings reduced shall include an authorization to have such reduction apportioned over County payroll periods and warrants as described in Section 5.27.240B.

FG. Participant Accounts. The County shall establish and maintain appropriate procedures and records with respect to Benefit elections and Contributions made by and on behalf of Participants pursuant to subsections A and B of this section. The County may establish one or more accounts for each Participant for the purpose of recording such Participant's utilization of particular Non-taxable Benefits, such as uninsured health care or dependent care reimbursement benefits if available, to which specific dollar amounts of Non-elective and/or Elective Contributions have been credited. In no event, however, shall such accounts represent actual deposits of Contributions into any fund, nor shall any interest be credited with respect to such accounts.

GH. Forfeiture of Unused Benefits. Any amount which a Participant has elected to receive during the Plan Year as a specific Taxable Benefit or Non-taxable Benefit pursuant to the election procedure set forth in subsections A and B of this section which remains unused by the Participant at the close of the Plan Year shall be forfeited to the County; provided, however, that payments of such amount may be made

to the Participant up to six months beyond the close of a Plan Year so long as such payments are made under the provisions of such specific Taxable Benefit or Non-taxable Benefit for expenses incurred by the Participants during the Plan Year; provided further that up to \$500 of unused amounts credited to a Participant's Health Care Reimbursement Account may be carried over to the next Plan Year in accordance with the rules set forth in Section 5.30.030.

**SECTION 5.** Section 5.28.020 is hereby amended to read as follows:

**5.28.020 Definitions.**

The following terms when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

...

K. "Eligible Dependent" means a family member who is eligible to enroll in a Participant's group health coverage under the Plan as set forth in the Summary Plan Description. Eligible Dependents include a Participant's current spouse or Domestic Partner and a Participant's children through age 25 (or past age 25, if disabled), all as further defined, or limited, as set forth in the Summary Plan Description and/or Health Plan Agreements.

~~K~~L. "Eligible Earnings" means any compensation paid to an Eligible Employee for service performed for the County which is currently includible in gross income under the Code.

~~L~~M. "Eligible Employee" means a full-time permanent employee of the County who is not in an Excluded Bargaining Unit and who is designated by the Board as eligible to participate in the Plan. For purposes hereof, "full-time permanent" means any

employee appointed to an "A," "L" or "N" item pursuant to Title 6 of the Los Angeles County Code, or any employee appointed to a "D" item pursuant to said Title 6 who is required to possess a California license to practice as a Registered Nurse. However, the County and representatives of an Excluded Bargaining Unit may, subject to approval by the Los Angeles County Board of Supervisors, agree that any employee who would otherwise cease to be an Eligible Employee because of certification or accretion of the employee's employment classification into an Excluded Bargaining Unit may continue as an Eligible Employee for such period as may be established in such agreement.

MN. "Excluded Bargaining Unit" means an employee representation unit, unless the representative of such unit and the County agree that the employees in such unit shall be covered hereunder.

NO. "Ineligible Dependent" means anyone, including a Participant's family member, who is not an Eligible Dependent. Ineligible Dependents include, but are not limited to, a former spouse, a former Domestic Partner, a child who no longer meets the age or other eligibility requirements described in the Summary Plan Description, parents, siblings, and in-laws.

OP. "Materials" means the booklets, manuals, handbooks, contracts, plan documents or sections thereof and other provisions of the Los Angeles County Code relating to the County-sponsored or County-approved employee benefit plans approved for inclusion in Subdivision 1 of the Plan by the Board.



PQ. "Non-elective Contribution" means the amount available for allocation to particular Taxable Benefits and/or Non-taxable Benefits or for receipt as additional Eligible Earnings by a Participant pursuant to Section 5.28.040 A.

QR. "Non-taxable Benefit" means participation in any health or welfare program provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials, the cost of which is excludible from the gross income of the Participant pursuant to Sections 79, 105, 106 or 129 of the Code or any other applicable Code section as the same may be amended.

RS. "Participant" means any Eligible Employee or former Eligible Employee who meets the requirements for participation in the Plan set forth in Section 5.28.030.

ST. "Plan" means the County of Los Angeles Non-pensionable Flexible Benefit Plan, as set forth in this Subdivision 1, as the same may be amended or restated from time to time.

TU. "Plan Year" means the calendar year.

UV. "Taxable Benefit" means participation in certain health or welfare programs provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials, the cost of which will be treated by the County as includible in the gross income of the Participant pursuant to the Code as the same may be amended.

**SECTION 6.** Section 5.28.060 is hereby amended to read as follows:

**5.28.060      Benefit election procedure and allocation of Contributions.**

...

B. Deemed Elections

1. Except as provided in subsection (B)(2) of this section, any Eligible Employee who is enrolled in an insured health or welfare benefit program incorporated into the Plan as a Taxable Benefit or Non-taxable Benefit on the date his election form is due to be filed pursuant to subsection A of this section, or any Participant who in the current Plan Year receives one or more Taxable Benefits or Non-taxable Benefits who fails to make a timely election of Benefits for continued participation in the Plan, shall be deemed to have elected to receive the same type, and if applicable, the same amount, of Taxable Benefits and Non-taxable Benefits elected for the previous Plan Year except as otherwise provided in the Election Information. To the extent that the dollar value of the Non-elective Contribution made on behalf of such Participant exceeds the cost of such Taxable Benefits and/or Non-taxable Benefits, the Participant shall receive the difference in additional monthly Eligible Earnings during the Plan Year except as otherwise provided in the Election Information. To the extent that the cost of such Non-taxable Benefits exceeds the Non-elective Contributions, the Participant shall be deemed to have authorized the County to reduce his Eligible Earnings by such amount each month as may be necessary to cover the excess cost of such Taxable Benefits and/or Non-taxable Benefits, in accordance with the limit set forth in Section 5.28.040B. Any Eligible Employee or Participant who fails to submit the election form on or before the due date who was not so enrolled in an insured health or welfare benefit program shall be deemed to have elected to receive the entire amount of the Non-elective Contributions made on his behalf during the next Plan Year as additions to his Eligible Earnings each month during such Plan Year, except as otherwise provided in the

Election Information. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented: 1) any additional monthly Eligible Earnings received due to a Participant's deemed election under this Section 5.28.060B shall be reflected in County payroll warrants as described in Section 5.28.040A, and 2) a Participant's deemed authorization to have his monthly Eligible Earnings reduced shall include an authorization to have such reduction apportioned over County payroll periods and warrants as described in Section 5.28.040B.

2. No Eligible Employee may participate in the Plan unless he satisfies all conditions of participation under the Plan and positively elects to participate during the election period for the 1995 Plan Year. No Eligible Employee who fails to make a timely election of benefits under the Plan shall be deemed to have elected initial participation under this Subdivision 1 of Chapter 5.28, but shall rather be deemed to have elected initial participation under Subdivision 2 of Chapter 5.27.

...

E. Amnesty for Ineligible Dependents. Notwithstanding any other provision of this Code, the County shall provide amnesty from discipline and payment recovery to any employee whose Ineligible Dependent(s) are removed from County-sponsored or County-approved health plan coverage as a consequence of a dependent eligibility verification process authorized by the CEO; provided, however, that no such amnesty shall be extended to any employee who obtains such coverage through willful misrepresentation or other fraudulent means.

EE. Compensation Reduction Agreement. If, in respect of any month during a Plan Year, the cost of the Taxable Benefits and/or Non-taxable Benefits elected by a Participant for such Plan Year exceeds the amount of Non-elective Contributions made on his behalf for such month, the Participant shall be deemed to have authorized the County in accordance with the limit set forth in Section 5.28.040B hereof, to reduce his Eligible Earnings by such amount each month as is necessary to cover the excess cost of the Taxable Benefits and/or Non-taxable Benefits elected by such Participant and to make corresponding Elective Contributions to the Plan on his behalf. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented, a Participant's deemed authorization to have his monthly Eligible Earnings reduced shall include an authorization to have such reduction apportioned over County payroll periods and warrants as described in Section 5.28.040B.

EG. Participant Accounts. The County shall establish and maintain appropriate procedures and records with respect to Benefit elections and Contributions made by and on behalf of Participants pursuant to subsections A and B of this section. The County may establish one or more accounts for each Participant for the purpose of recording such Participant's utilization of particular Non-taxable Benefits, such as uninsured health care or dependent care reimbursement benefits if available, to which specific dollar amounts of Non-elective and/or Elective Contributions have been credited. In no event, however, shall such accounts represent actual deposits of

Contributions into any fund, nor shall any interest be credited with respect to such accounts.

~~G~~H. Forfeiture of Unused Benefits. Any amount which a Participant has elected to receive during the Plan Year as a specific Taxable Benefit or Non-taxable Benefit pursuant to the election procedure set forth in subsections A and B of this section which remains unused by the Participant at the close of the Plan Year shall be forfeited to the County; provided, however, that payments of such amount may be made to the Participant up to six months beyond the close of a Plan Year so long as such payments are made under the provisions of such specific Taxable Benefit or Non-taxable Benefit for expenses incurred by the Participant during the Plan Year; provided further that up to \$500 of unused amounts credited to a Participant's Health Care Reimbursement Account may be carried over to the next Plan Year in accordance with the rules set forth in Section 5.30.030.

**SECTION 7.** Section 5.28.220 is hereby amended to read as follows:

**5.28.220 Definitions.**

The following terms, when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

...

I. "Contribution" means any Non-elective Contribution or Elective Contribution made on behalf of a Participant pursuant to Section 5.28.240.

...

Q. "Eligible Dependent" means a family member who is eligible to enroll in a Participant's group health coverage under the Plan as set forth in the Summary Plan

Description. Eligible Dependents include a Participant's current spouse or Domestic Partner and a Participant's children through age 25 (or past age 25, if disabled), all as further defined, or limited, as set forth in the Summary Plan Description and/or Health Plan Agreements.

QR. "Eligible Employee" means a full-time permanent employee of the County who is not in an Excluded Bargaining Unit and who is designated by the Board as eligible to participate in the Plan. For purposes hereof, "full-time permanent" means any employee appointed to an "A," "L" or "N" item pursuant to Title 6 of the Los Angeles County Code. "Eligible Employee" shall also mean any employee appointed to "D" item pursuant to said Title 6 who is required to possess a California license to practice as a Registered Nurse or an employee of the County appointed to a monthly temporary training "M" item pursuant to Title 6 of the Los Angeles County Code who is not in an Excluded Bargaining Unit and who is designated by the Board as eligible to participate in the Plan. However, the County and representatives of an Excluded Bargaining Unit may, subject to approval by the Los Angeles County Board of Supervisors, agree that any employee who would otherwise cease to be an Eligible Employee because of certification or accretion of the employee's employment classification into an Excluded Bargaining Unit may continue as an Eligible Employee for such period as may be established in such agreement.

RS. "Eligible Participant" means a Participant who becomes disabled as a direct consequence and result of injury or disease.

ST. "Evidence of Disability" means a statement of medical certification of disability submitted by a Physician to the Claims Administrator.

~~T~~U. "Excluded Bargaining Unit" means an employee representation unit, unless the representative of such unit and the County agree that the employees in such unit shall be covered hereunder.

~~U~~V. "Ineligible Dependent" means anyone, including a Participant's family member, who is not an Eligible Dependent. Ineligible Dependents include, but are not limited to, a former spouse, a former Domestic Partner, a child who no longer meets the age or other eligibility requirements described in the Summary Plan Description, parents, siblings, and in-laws.

~~V~~W. "LTD Health Insurance Benefit" means a benefit that pays for 75 percent or 100 percent of the cost of Applicable Health Insurance Coverage at the time such coverage is provided pursuant to the rules in section 5.28.450.

~~W~~X. "LTD Health Survivor" means a spouse, domestic partner as defined in Section 298.5 of the California Family Code, or child as defined in Internal Revenue Code Section 152(f) (1) (including a stepchild or adopted child) who is under age 26, of (1) an Eligible Participant who dies while receiving or entitled to receive disability benefits under section 5.28.460; or (2) a Covered Employee who dies as a direct consequence and result of injury of disease; provided, however, that to be an LTD Health Survivor, an individual must be a spouse, domestic partner or child who is covered by a County-sponsored medical plan offered under the Cafeteria Plan at the time of: (i) the onset of a total disability as determined by the Claims Administrator, or (ii) if the Covered Employee dies before he makes a claim for disability under the LTD Plan, the date of death.

XY. "Materials" means the booklets, manuals, handbooks, contracts, plan documents or sections thereof and other provisions of the Los Angeles County Code relating to the County-sponsored or County-approved employee benefit plans approved for inclusion in Subdivision 2 of the Plan by the Board.

YZ. "Medical Dependent" means a Covered Employee's spouse, domestic partner or dependent child who is eligible to be covered under the terms of a County-sponsored medical plan.

ZAA. "Non-elective Contribution" means the amount available for allocation to particular Taxable Benefits and/or Non-taxable Benefits or for receipt as additional Eligible Earnings by a Participant pursuant to Section 5.28.240 A.

AABB. "Nonindustrial" means an injury or disease that the chief administrative officer or the workers' compensation appeals board has not yet determined to be compensable under the workers' compensation laws of the state of California or an injury or disease which has been determined not to be so compensable.

BBCC. "Non-taxable Benefit" means participation in any employee benefit program provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, for inclusion in the plan the cost of which is excludible from the gross income of the Participant pursuant to Sections 79, 105, 106, or 129 of the Code or any other applicable Code section, as the same may be amended.

CCDD. "Participant" means any Eligible Employee or former Employee who meets the requirements for participation in the Plan set forth in Section 5.28.230.



~~DDEE~~. "Physician" means any physician, surgeon, osteopath, psychiatrist, psychologist, chiropractor or other medical practitioner who is duly licensed by the state in which he practices and who is practicing within the scope of his license.

~~EEFF~~. "Plan" means the County of Los Angeles Flexible Benefit Plan, as set forth in this Subdivision 2, as the same may be amended or restated from time to time.

~~FFGG~~. "Plan Year" means the calendar year.

~~GGHH~~. "Retirement Plan A, B, C, D, or G Member" means an Eligible Employee or a Participant who is covered by any of the contributory retirement plans established for general or safety members of the Los Angeles County Employees Retirement Association pursuant to the County Employees Retirement Law of 1937. For the sole purpose of determining entitlement to Non-elective Contributions and Non-taxable Benefits and Taxable Benefits provided under the Plan, an Eligible Employee or Participant employed on a monthly temporary training "M" item basis pursuant to Title 6 of the Los Angeles County Code shall be treated as if he were a Retirement Plan A, B, C, D, or G Member. In no event shall such Eligible Employee or Participant be entitled to any benefit under the County Employees Retirement Law of 1937 by reason of this treatment.

~~HHII~~. "Retirement Plan E Member" means an Eligible Employee or a Participant who is covered by the optional non-contributory retirement plan made operative for general members of the Los Angeles County Employees Retirement Association on or after July 1, 1981.

~~HH~~JJ. "SIB Compensation" means an SIB Participant's Compensation in the month preceding his death, or the commencement of benefits under the LTD Plan, whichever occurs first.

~~JJ~~KK. "SIB Participant" means a Retirement Plan E Member who is:

1. A Participant who has elected coverage under the SIB Plan for the current Plan Year; or
2. A former Participant who is disabled and receiving benefits under the LTD Plan, and who elected coverage under the SIB Plan for the Plan Year in which his LTD benefits commenced.

~~KK~~LL. "Taxable Benefit" means participation in certain health or welfare programs provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials, the cost of which will be treated by the County as includible in the gross income of the Participant pursuant to the Code as the same may be amended.

~~LL~~MM. "Total Disability" or "Totally Disabled" means during the Waiting Period and during the subsequent 24-month period for which a Participant might be eligible to receive benefits under the LTD Plan, the complete and continuous inability and incapacity of the Participant to perform the duties of his position with the County. After the expiration of 24 consecutive months of eligibility for benefit payments, "Total Disability" or "Totally Disabled" means the Participant is Disabled within the meaning of the Federal Social Security Act and is eligible to receive or is receiving disability benefits under the Federal Social Security Act; provided, however, that for a participant who makes timely application for disability benefits under the Federal Social Security Act and

who has not received a final determination regarding disability under the Act, "Total Disability" or "Totally Disabled" (for the period prior to the date on which a final determination is made regarding disability) shall mean the complete and continuous inability and incapacity of the Participant to perform the duties of his position with the County. A Participant who is not insured for disability benefits under the Federal Social Security Act (such as lacking sufficient quarters of covered employment) shall be considered Totally Disabled at the end of the 24-month period of eligibility for benefit payments and during the continuance thereafter of the disability if he is disabled within the meaning of Section 223(d) of the Federal Social Security Act.

MMNN. 1. "Waiting Period" for purposes of the Short-Term Disability Plan means that a waiting period shall be required with respect to any one Disability, and that such period shall be a continuous period equal to 14 days, except as reduced by elective option. The waiting period shall commence with the first day the Participant is Disabled, and shall continue during the time he remains Disabled.

...

**SECTION 8.** Section 5.28.260 is hereby amended to read as follows:

**5.28.260 Benefits election procedure and allocation of Contributions.**

...

B. Deemed Elections.

...

2. No Eligible Employee may participate in the Plan unless he satisfies all conditions of participation under the Plan and positively elects to participate during the election period for the 1995 Plan Year. No Eligible Employee who fails to

make a timely election of benefits under the Plan shall be deemed to have elected participation under this Subdivision 2 of Chapter 5.28, but shall rather be deemed to have elected initial participation under Subdivision 2 of Chapter 5.27.

...

E. Amnesty for Ineligible Dependents. Notwithstanding any other provision of this Code, the County shall provide amnesty from discipline and payment recovery to any employee whose Ineligible Dependent(s) are removed from County-sponsored or County-approved health plan coverage as a consequence of a dependent eligibility verification process authorized by the CEO; provided, however, that no such amnesty shall be extended to any employee who obtains such coverage through willful misrepresentation or other fraudulent means.

~~EE~~. Compensation Reduction Agreement. If, in respect of any month during a Plan Year, the cost of the Taxable Benefits and/or Non-taxable Benefits elected by a Participant for such Plan Year exceeds the amount of Non-elective Contributions made on his behalf for such month, the Participant shall be deemed to have authorized the County, in accordance with the limit set forth in Section 5.28.240B hereof, to reduce his Eligible Earnings by such amount each month as is necessary to cover the excess cost of the Taxable Benefits and/or Non-taxable Benefits elected by such Participant and to make corresponding Elective Contributions to the Plan on his behalf. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented, a Participant's deemed authorization to have his monthly Eligible Earnings reduced shall include an authorization to have such reduction

apportioned over County payroll periods and warrants as described in Section 5.28.240B.

FG. Participant Accounts. The County shall establish and maintain appropriate procedures and records with respect to Benefit elections and Contributions made by and on behalf of Participants pursuant to subsections A and B of this section. The County may establish one or more accounts for each Participant for the purpose of recording such Participant's utilization of particular Non-taxable Benefits, such as uninsured health care or dependent care reimbursement benefits if available, to which specific dollar amounts of Non-elective and/or Elective Contributions have been credited. In no event, however, shall such accounts represent actual deposits of Contributions into any fund, nor shall any interest be credited with respect to such accounts.

GH. Forfeiture of Unused Benefits. Any amount which a Participant has elected to receive during the Plan Year as a specific Taxable Benefit or Non-taxable Benefit pursuant to the election procedure set forth in subsections A and B of this section which remains unused by the Participant at the close of the Plan Year shall be forfeited to the County; provided, however, that payments of such amount may be made to the Participant up to six months beyond the close of a Plan Year so long as such payments are made under the provisions of such specific Taxable Benefits or Non-taxable Benefits for expenses incurred by the Participants during the Plan Year; provided further that up to \$500 of unused amounts credited to a Participant's Health Care Reimbursement Account may be carried over to the next Plan Year in accordance with the rules set forth in Section 5.30.030.

**SECTION 9.** Section 5.33.020 is hereby amended to read as follows:

**5.33.020 Definitions.**

The following terms when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

...

E. "Contribution" means any Non-elective Contribution or Elective Contribution made on behalf of a Participant pursuant to Section 5.33.040.

...

K. "Eligible Dependent" means a family member who is eligible to enroll in a Participant's group health coverage under the Plan as set forth in the Summary Plan Description. Eligible Dependents include a Participant's current spouse or Domestic Partner and a Participant's children through age 25 (or past age 25, if disabled), all as further defined, or limited, as set forth in the Summary Plan Description and/or Health Plan Agreements.

~~KL~~. "Eligible Earnings" means any compensation paid to an Eligible Employee for service performed for the County which is currently includable in gross income under the Code.

~~LM~~. "Eligible Employee" means a full-time permanent employee of the County who is not in an Excluded Bargaining Unit and who is designated by the Board as eligible to participate in the Plan. For purposes hereof, "full-time permanent" means any employee appointed to an "A," "M" or "N" item pursuant to Title 6 of the Los Angeles County Code.

MN. "Excluded Bargaining Unit" means an employee representation unit, for which there is no agreement between the representatives of the unit and the County as to the extension of the Plan to the employees in the unit.

NO. "Ineligible Dependent" means anyone, including a Participant's family member, who is not an Eligible Dependent. Ineligible Dependents include, but are not limited to, a former spouse, a former Domestic Partner, a child who no longer meets the age or other eligibility requirements described in the Summary Plan Description, parents, siblings, and in-laws.

OP. "Materials" means the booklets, manuals, handbooks, contracts, plan documents or sections thereof and other provisions of the Los Angeles County Code relating to the County-sponsored or County-approved union-sponsored health and welfare plans listed below, as the same may be amended or restated from time to time:

1. Kaiser Foundation Health Plan, Inc.;
  2. Cigna Health Plans;
  3. California Association of Professional Employees Health (CAPE) Plan;
  4. Los Angeles County Fire Fighters Local 1014 Health and Welfare Plan;
  5. Association for Los Angeles Deputy Sheriffs (ALADS) Health Plan;
  6. Delta Dental Plan;
  7. DELTACARE;
  8. Safeguard Health Plans, Inc. Dental Plan;
  9. Life insurance provided by the Cigna Employee Benefits Companies
- exclusive of any life insurance provided under Section 5.36.070 or 5.36.075 of the Los Angeles County Code;

10. Accidental death and dismemberment insurance provided by the Cigna Employee Benefits Companies;
11. The Choices Health Care Spending Account Plan;
12. The Choices Dependent Care Spending Account Plan;
13. LTD Health Insurance provided under subsection H of Section 5.38.020 of the Los Angeles County Code.

PQ. "Medical Insurance Plan" means any of the medical insurance plans included in Items 1 through 5 of the Materials definition set out in subsection N of this section.

QR. "Non-elective Contribution" means the amount available for allocation to particular Taxable Benefits and/or Non-taxable Benefits or for receipt as additional Eligible Earnings by a Participant pursuant to Section 5.33.040 A.

RS. "Non-taxable Benefit" means participation in any health or welfare program sponsored by the County, or sponsored by an employee union and approved by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials definition, the cost of which is excludable from the gross income of the Participant pursuant to Section 79, 105, 106 or 129 of the Code or any other applicable Code section as the same may be amended.

ST. "Participant" means any Eligible Employee or former Eligible Employee who meets the requirements for participation in the Plan set forth in Sections 5.33.030 and 5.33.050.

TU. "Plan" means the Choices Plan, as the same may be amended or restated from time to time.



~~UV.~~ "Plan Year" means the period July 1, 1989 through December 31, 1989; provided, however, that, with respect to all periods subsequent to December 31, 1989, Plan Year shall mean the calendar year.

~~VW.~~ "Taxable Benefit" means participation in certain health or welfare programs provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials definition, the cost of which will be treated by the County as includable in the gross income of the Participant pursuant to the Code as the same may be amended.

~~WX.~~ "Three Party Medical Insurance Coverage" means medical insurance coverage for a Participant and two or more of his dependents. Such coverage must be provided through the Plan by a Medical Insurance Plan.

~~XY.~~ "Two Party Medical Insurance Coverage" means medical insurance coverage for a Participant and one of his dependents. Such coverage must be provided through the Plan by a Medical Insurance Plan.

**SECTION 10.** Section 5.33.060 is hereby amended to read as follows:

**5.33.060 Benefit election procedure and allocation of contributions.**

...

E. Amnesty for Ineligible Dependents. Notwithstanding any other provision of this Code, the County shall provide amnesty from discipline and payment recovery to any employee whose Ineligible Dependent(s) are removed from County-sponsored or County-approved health plan coverage as a consequence of a dependent eligibility verification process authorized by the CEO; provided, however, that no such amnesty

shall be extended to any employee who obtains such coverage through willful misrepresentation or other fraudulent means.

EE. Compensation Reduction Agreement. If, in respect of any month during a Plan Year, the cost of the Taxable Benefits and/or Non-taxable Benefits elected by a Participant for such Plan Year exceeds the amount of Non-elective Contributions made on his behalf for such month, the Participant shall be deemed to have authorized the County, in accordance with the limit set forth in Section 5.33.040B hereof, to reduce his Eligible Earnings by such amount each month as is necessary to cover the excess cost of the Taxable Benefits and/or Non-taxable Benefits elected by such Participant and to make corresponding Elective Contributions to the Plan on his behalf. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented, a Participant's deemed authorization to have his monthly Eligible Earnings reduced shall include an authorization to have such reduction apportioned over County payroll periods and warrants as described in Section 5.33.040B.

EG. Participant Accounts. The County shall establish and maintain appropriate procedures and records with respect to Benefit elections and Contributions made by and on behalf of Participants pursuant to subsections A and B of this section. The County may establish one or more accounts for each Participant for the purpose of recording such Participant's utilization of particular Taxable Benefits and/or Non-taxable Benefits, such as uninsured health care or dependent care reimbursement benefits if available, to which specific dollar amounts of Non-elective and/or Elective Contributions

have been credited. In no event, however, shall such accounts represent actual deposits of Contributions into any fund, nor shall any interest be credited with respect to such accounts.

GH. Forfeiture of Unused Benefits. Any amount which a Participant has elected to receive during the Plan Year as a specific Taxable Benefit or Non-taxable Benefit pursuant to the election procedure set forth in subsections A and B of this section which remains unused by the Participant at the close of the Plan Year shall be forfeited to the County; provided, however, that payments of such amount may be made to the Participant up to six months beyond the close of a Plan Year so long as such payments are made under the provisions of such specific Taxable Benefit or Non-taxable Benefit for expenses incurred by the Participant during the Plan Year; provided further that up to \$500 of unused amounts credited to a Participant's Health Care Spending Account may be carried over to the next Plan Year in accordance with the rules set forth in Section 5.35.030.

**SECTION 11.** Section 5.36.060 is hereby amended to read as follows:

**5.36.060 Contributions to health insurance coverage for employees.**

**A. Monthly Subsidy.**

1. For employees who are not in an employee representation unit, the county shall provide a monthly subsidy for each employee and covered family members, if any, toward county sponsored health plan coverage, consisting of the difference between the employee contribution rate approved by the board of supervisors and the projected health plan cost per employee, in the event that the projected health plan cost per employee exceeds the employee's contribution rate.

2. Notwithstanding any other provision of this Code, the County shall provide amnesty from discipline and payment recovery to any employee whose Ineligible Dependent(s) are removed from County-sponsored or County-approved health plan coverage as a consequence of a dependent eligibility verification process authorized by the CEO; provided, however, that no such amnesty shall be extended to any employee who obtains such coverage through willful misrepresentation or other fraudulent means.

23. The chief administrative officer shall establish, and revise from time to time, policies for the determination of projected health plan cost per employee and shall make such determination. Such determination shall include consideration of total projected expenditures under one or more contracts for health care, establishment and maintenance of a reasonable level of contingency funds to meet extraordinary expenditures under one or more contracts for health care, the level of contributions and subsidies to maintain employee choice among types of health care plans, availability of budgeted funds, and any other relevant factor or factors the chief administrative officer determines should be included. The chief administrative officer may retain the services of one or more consultants to assist in the determination of projected health plan cost per employee, and in the establishment and revision of policies.

...

**SECTION 12.** Section 5.37.020 is hereby amended to read as follows:

**5.37.020 Definitions.**

The following terms when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

...

E. "Contribution" means any Non-elective Contribution or Elective Contribution made on behalf of a Participant pursuant to Section 5.37.040.

...

H. "Dependent Care Spending Account" means an individual account established and maintained for a Participant to which Contributions are periodically credited and benefits periodically paid pursuant to Chapter 5.41.

...

L. "Eligible Dependent" means a family member who is eligible to enroll in a Participant's group health coverage under the Plan as set forth in the Summary Plan Description. Eligible Dependents include a Participant's current spouse or Domestic Partner and a Participant's children through age 25 (or past age 25, if disabled), all as further defined, or limited, as set forth in the Summary Plan Description and/or Health Plan Agreements.

~~LM.~~ "Eligible Earnings" means any compensation paid to an Eligible Employee for service performed for the County which is currently includable in gross income under the Code.

~~MN.~~ "Eligible Employee" means a full-time permanent employee of the County who is not in an Excluded Bargaining Unit and who is designated by the Board as

eligible to participate in the Plan. For purposes hereof, "full-time permanent" means any employee appointed to an "A," "M" or "N" item pursuant to Title 6 of the Los Angeles County Code, or any employee appointed to a "D" item pursuant to said Title 6 who is required to possess a California license to practice as a Registered Nurse.

NO. "Excluded Bargaining Unit" means an employee representation unit, for which there is no agreement between the representatives of the unit and the County as to the extension of the Plan to the employees of the unit.

OP. "Ineligible Dependent" means anyone, including a Participant's family member, who is not an Eligible Dependent. Ineligible Dependents include, but are not limited to, a former spouse, a former Domestic Partner, a child who no longer meets the age or other eligibility requirements described in the Summary Plan Description, parents, siblings, and in-laws.

PQ. "Materials" means the booklets, manuals, handbooks, contracts, plan documents or sections thereof, and other provisions of the Los Angeles County Code relating to the County-sponsored or County-approved union-sponsored health and welfare plans.

QR. "Medical Insurance Plan" means any of the medical insurance plans included in the Materials definition set out in subsection O of this section.

RS. "Medical Care" means amounts paid (1) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body; or (2) for transportation primarily for and essential to medical care referred to in S(1) above; or (3) for insurance covering medical care referred to in S(1)

and (2) above. This definition is to be construed in accordance with Section 213(d)(1) of the Code.

~~ST~~. "Medical Expenses" means all expenses incurred during a plan year by a Participant for the Medical Care of himself, his spouse and his dependents (as defined in Section 152 of the Code), irrespective of whether such expenses were incurred in connection with such Participant's employment.

~~TU~~. "Non-elective Contribution" means the amount available for allocation to particular Taxable Benefits and/or Non-taxable Benefits or for receipt as additional Eligible Earnings by a Participant pursuant to Section 5.37.040 A.

~~UV~~. "One Party Medical Insurance Coverage" means medical insurance coverage for a Participant only. Such coverage must be provided through the Plan by a Medical Insurance Plan.

~~VW~~. "Non-taxable Benefit" means participation in any health or welfare program sponsored by the County, or sponsored by an employee union and approved by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials definition, the cost of which is excludable from the gross income of the Participant pursuant to Section 79, 105, 106, or 129 of the Code or any other applicable Code section as the same may be amended.

~~WX~~. "Participant" means any Eligible Employee or former Eligible Employee who meets the requirements for participation in the Plan set forth in Sections 5.37.030 and 5.37.050.

~~XY~~. "Plan" means the Local 721 Cafeteria Plan, as the same may be amended or restated from time to time.

~~YZ.~~ "Plan Year" means the period July 1, 1992 through December 31, 1992, excepting for Registered Nurses Representation Unit (Unit 311) and Supervisory Registered Nurses Representation Unit (Unit 312) for which Plan Year shall mean April 1, 1992 through December 31, 1992; provided, however, that with respect to all periods subsequent to December 31, 1992, Plan Year shall mean the calendar year.

~~ZAA.~~ "Taxable Benefit" means participation in certain health or welfare programs provided or sponsored by the County, insured or uninsured, now existing or hereafter adopted, described in the Materials definition, the cost of which will be treated by the County as includable in the gross income of the Participant pursuant to the Code as the same may be amended.

~~AABB.~~ "Two-Party Medical Insurance Coverage" means medical insurance coverage for a Participant and one of his dependents. Such coverage must be provided through the Plan by a Medical Insurance Plan.

~~BBCC.~~ "Three-Party Medical Insurance Coverage" means medical insurance coverage for a Participant and two or more of his dependents. Such coverage must be provided through the Plan by a Medical Insurance Plan.

**SECTION 13.** Section 5.37.060 is hereby amended to read as follows:

**5.37.060 Benefit election procedures and allocations of contributions.**

...

E. Amnesty for Ineligible Dependents. Notwithstanding any other provision of this Code, the County shall provide amnesty from discipline and payment recovery to any employee whose Ineligible Dependent(s) are removed from County-sponsored or County-approved health plan coverage as a consequence of a dependent eligibility



verification process authorized by the CEO; provided, however, that no such amnesty shall be extended to any employee who obtains such coverage through willful misrepresentation or other fraudulent means.

¶F. Compensation Reduction Agreement. If, in respect of any month during a Plan Year, the cost of the Taxable Benefits and/or Non-taxable Benefits elected by a Participant for such Plan Year exceeds the amount of Non-elective Contributions made on his behalf for such month, the Participant shall be deemed to have authorized the County, in accordance with Section 5.37.040B, to reduce his Eligible Earnings by such amount each month as is necessary to cover the excess cost of the Taxable Benefits and/or Non-taxable Benefits elected by such Participant and to make corresponding Elective Contributions to the Plan on his behalf. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented, a Participant's deemed authorization to have his monthly Eligible Earnings reduced shall include an authorization to have such reduction apportioned over County payroll periods and warrants as described in Section 5.37.040B.

¶G. Participant Accounts. The County shall establish and maintain appropriate procedures and records with respect to Benefit elections and Contributions made by and on behalf of Participants pursuant to subsections A and B of this section. The County may establish one or more accounts for each Participant for the purpose of recording such Participant's utilization of particular Taxable Benefits and/or Non-taxable Benefits such as uninsured health care or dependent care reimbursement benefits if available, to which specific dollar amounts of Non-elective and/or Elective Contributions

have been credited. In no event, however, shall such accounts represent actual deposits of Contributions to be credited with respect to such accounts.

GH. Forfeiture of Unused Benefits. Any amount which a Participant has elected to receive during the Plan Year as a specific Taxable Benefit or Non-taxable Benefit pursuant to the election procedure set forth in subsections A and B of this section which remains unused by the Participant at the close of the Plan Year shall be forfeited to the County; provided, however, that payments of such amount may be made to the Participant up to six months beyond the close of a Plan Year so long as such payments are made under the provisions of such specific Taxable Benefit or Non-taxable Benefit for expenses incurred by the Participant during the Plan Year; provided further that up to \$500 of unused amounts credited to a Participant's Health Care Spending Account may be carried over to the next Plan Year in accordance with the rules set forth in Section 5.37.160.

**SECTION 14.** Pursuant to Government Code 25123(f), this Ordinance shall take effect immediately upon passage.

[527060LSCEO]